

# The American Observer

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

VOLUME VI, NUMBER 28

WASHINGTON, D. C.

MARCH 29, 1937

## Inflation Warning Is Seen in Price Rises

**Eccles and Other Administration Leaders See Danger Signals in Recent Trends**

### GREATER CONTROL ADVISED

**President Said to Be Seeking Power to Act in Order to Prevent Recurrence of 1929 Collapse**

The old fear of inflation has been raised again. A not too direct reference to it was made by the President in one of his addresses on the Supreme Court, when he declared that we may be headed for another crisis like that of 1929 unless additional steps are taken by the government to prevent a collapse. A few days later, Marriner S. Eccles, chairman of the Federal Reserve Board, which has control of the nation's banking system and is responsible for shaping our credit policy, issued a warning that present trends may become dangerous. Then the secretaries of agriculture and commerce, Henry A. Wallace and Daniel C. Roper, made statements of a similar nature. Thus almost overnight, the question of inflation and another collapse has come to the forefront of national attention.

### Recent Price Increases

What is the basis of these fears of disaster? Is there any foundation, in fact, for the cries of alarm which have recently been raised? The principal danger sign noted by government officials and economists alike is the rapid increase in prices which has been taking place during the last few weeks. The ordinary consumer who goes to the store to purchase goods may not immediately notice the increase. Not all prices have risen. Many of the goods sell for the same price as a few weeks or months ago. But others have gone up sharply in price. To make matters worse, there is fear that the trend has just begun and that it will continue. So far, price increases have taken place largely in the wholesale field. But if wholesale prices continue to rise, they will soon be passed on to the retail field, so that the consumer will have to pay more for many of the things he buys.

The price increase has been so substantial in many fields that certain goods have already exceeded the 1929 figures. Scrap iron, for example, was selling at \$19.31 a ton in 1929. At the bottom of the depression it was \$8.30, and now it is \$19.81. The wholesale price of bituminous coal was \$1.70 a ton in 1929, and now it is \$2.25. Rubber is about the same now as in 1929. Corn sold at \$1.01 a bushel in 1929, and now it is \$1.11. Wheat has gone from \$1.42 in 1929 to \$1.56.

And so we might go down the list. All these are basic commodities which are widely used in the manufacture of products bought by people everywhere. Since the early part of 1933, the increase in price of these raw materials has been about 100 per cent, although the retail price of the goods made from them has gone up by only about 29 per cent. What is feared is that it will be only a matter of time before the retail price reflects similar increases.

But, it might be asked, are not high prices a good thing? Has not the Roosevelt administration been working for the

(Concluded on page 8, column 1)



SPRING

—Herblock in Winfield Daily Courier

## Reaction To Tragedy

A little more than a week ago the nation was shocked by the report of the frightful tragedy which fell upon a Texas community, when hundreds of children were killed and others were permanently injured through an explosion which destroyed a schoolhouse in New London. It is natural that the nation should have bowed in grief in the presence of a disaster so tragic. The grief which overwhelmed the little town has spread in some measure throughout the land. It could not be otherwise among a people endowed with any respect whatever for human life and feelings.

It is to the credit of the American people that they can be stirred by a misfortune so devastating. It would be even more to their credit if they were deeply moved in the presence of tragedies of everyday American life; tragedies less dramatic than the Texas catastrophe but no less productive of death and sorrow. A keenly sensitive people would be aroused to action by the spectacle of tragedy on the highways and in the streets. A nation which is brought to tears because of what happened in Texas should not be unmindful of the fact that as many children as perished in the New London explosion have probably, in the few days since that time, been killed in traffic. These deaths, individually, have been just as tragic. And for the most part they have been preventable. The New London disaster may not have been. Looking back, we can see how it might have been prevented. But things like that will happen occasionally in spite of all reasonable precautions. We know in advance, however, of the dangers incident to automobile traffic. We know how to avoid them, or many of them, if we should merely take pains and if we should be relentless in the enforcement of rules relative to traffic and to automobile construction.

Nor is the danger to the lives of children confined to traffic. We know that thousands of boys and girls lose their lives every year because they lack proper medical attention. We know that many of them are victims of poverty; of poverty so dire as to make impossible adequate nutrition. The American people are sympathetic. They proved that with their tears when the news came from the little Texas town. If this wholesome sympathy should be reinforced with imagination and knowledge of what is going on in the land, it might become a potent force for the saving of life and for human betterment.

## Grave Dangers Seen In Huge Arms Costs

**Nations Plan to Spend Thirteen Billions in 1937 to Build Up Fighting Forces**

### ONE-THIRD OVER 1936 SUM

**War or Economic Collapse Almost Inevitable Unless International Antagonisms End, Says Hull**

News reports during the last few months telling of huge new appropriations for armaments show that, if the nations carry out their plans, 1937 will see another large increase in the amount spent on armies, navies, and air forces even if there is no war. Britain has just decided to spend \$7,500,000,000 extra in the next five years building up her navy. France has floated a loan of \$230,000,000 mainly for special expenses in strengthening her air force. In both cases, these amounts are in addition to increases in the regular defense expenditures. The United States is to spend on her army and navy considerably more than ever before. Germany, Italy, and Russia are boosting their military, naval, and air expenses. Japan is increasing hers substantially, and this year more than half of all the Japanese government's payments will go for the fighting forces. These seven leading nations together will put about \$12,600,000,000 into armaments in 1937, while the total for all the nations will be something over \$13,000,000,000.

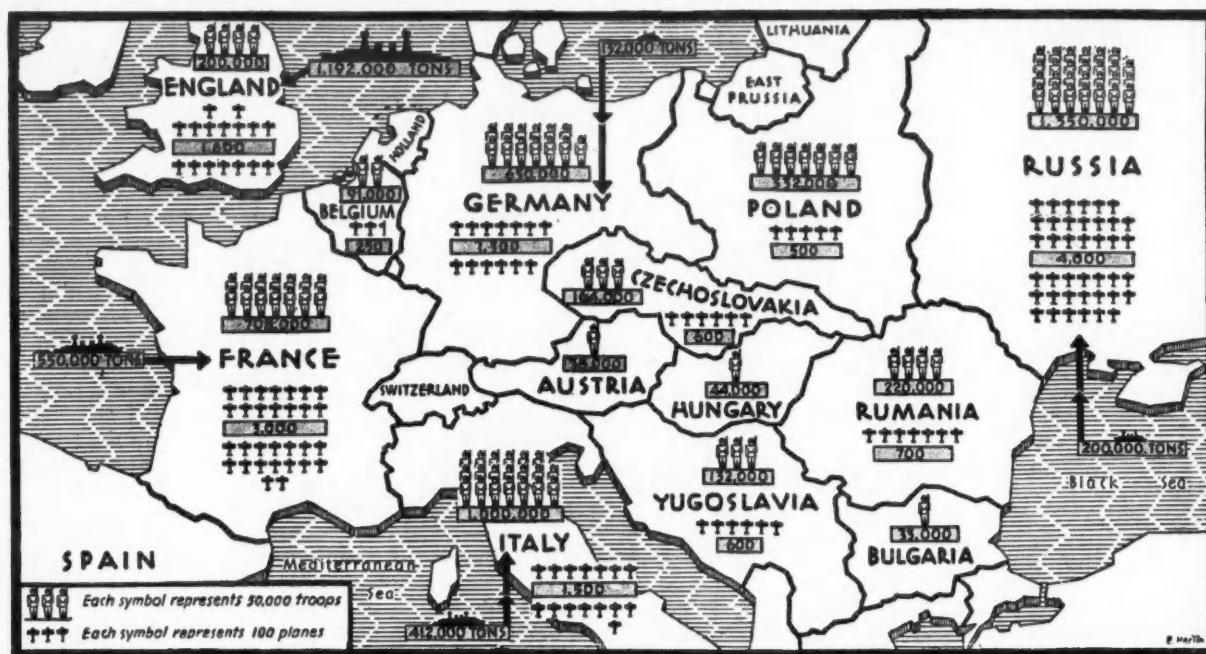
These are staggering figures. They show increases of nearly a third over the 1936 amounts, though 1936 itself set a new high record for arms expenditures in peace times. The 1937 amounts will be five and three-quarters times the amount spent for arms in 1913, the year before the World War. Britain, Germany, and Russia, in fact, are each planning to spend on armaments this year more than all seven of the leading countries together spent in 1913.

### Serious Danger

Just such an arms race, though on a much smaller scale, preceded and helped to bring on the World War. Many fear that this new race will make another war absolutely certain. Secretary of State Hull recently expressed the widespread feeling when he said that the situation "offered a very menacing outlook." Unless the attitude of the leaders in the various countries changes, he continued, "if a military catastrophe does not come within another year or so, it is almost inevitable that there may be an economic catastrophe, and the one is nearly as bad in its effect on us as the other."

In these circumstances, it is small wonder that people all over the world are asking with growing anxiety whether something cannot be done not only to stop the armaments race but also to clear away the whole mass of international antagonisms, fears, and distrusts which have developed in the last several years. The armaments race is one result of the growth of bad feeling among the nations. The strenuous efforts of some nations, such as Germany, to become as economically self-supporting as possible, no matter how hard this may be on the people of the nation, is another. What is called "economic nationalism" is a third. All three of these are having a crippling effect on profitable international trade. All three are the result, as Secretary Hull puts it, of the growing tendency of the nations "to drift apart into





THE FIGHTING STRENGTH OF THE NATIONS ABROAD AS GIANT STRIDES ARE MADE IN MILITARY PREPAREDNESS. THE FIGURES, WHILE NOT OFFICIAL, ARE BASED ON THE BEST AVAILABLE STATISTICS

conditions of less mutual understanding, less real friendliness toward each other, and less effort to cooperate for common progress." No one of these problems can be really solved by itself. Yet they all must be solved if the military or the economic catastrophe of which Secretary Hull speaks is to be avoided. And they can be solved only by some sort of international agreement.

That is why the proposal for a conference on armaments and international trade is being so much discussed now. Persistent rumors have it that President Roosevelt plans to call such a conference. So far, he has said nothing definite about such a plan, but both he and Secretary Hull have referred frequently to the Pan-American Peace Conference of last December as an example for the rest of the world. The proposal for a general conference on armaments and related matters also has been brought forward a number of times in connection with the discussions of American neutrality and naval appropriations. Japan has given many hints that she would like to have an arms conference called. Britain, France, and some of the other countries have intimated that they would welcome a chance to talk things over. It is evident that all the governments are becoming more and more worried over the whole international situation and the grave danger of simply letting things drift. Even Germany, Italy, and Japan, which have been aggressively against international action in the last few years, are showing signs of realizing that disaster lies only a little way ahead along the road they have been traveling. Perhaps the very danger in the present situation will lead the nations to make agreements lest they be destroyed by war or economic collapse.

Contradictory as it may seem, it is possible to derive some encouragement from the fact that Britain and France have decided to spend huge additional sums this year on their fighting forces, and that the United States is increasing its already large appropriations for the army and navy. This is because these actions may frighten Germany, Italy, and Japan into agreeing to stop the arms race. The governments of

these countries know that they will be left hopelessly behind if the democratic countries really go into an arms race seriously. All three of the nations already have strained their resources to the utmost to get where they are in armaments. They will find it desperately hard to keep up even the present rate of spending. Britain and France, to say nothing of the United States, on the other hand, can spend a great deal more on arms and still not be as hard pressed as the three militaristic countries. Since they cannot hope to keep up, Hitler, Mussolini, and the Japanese army chiefs may be more than willing to have the race stopped.

From another point of view, these increased arms expenditures by the democracies are decidedly menacing. Germany, Italy, and Japan, separately or together, may conclude that war is inevitable and that the best thing for them to do is to strike now, before the democracies have time to make themselves much stronger. In that case, war will come quite soon, and the decision of the democracies to make large increases in their armaments will have set off the fuse leading directly to the explosion of war. The fear that just this may happen is one of the main reasons why Britain and France have decided to rush their rearming as rapidly as possible.

#### Relative Strength Difficulty

An international conference before war starts is still possible, yet it will be very difficult to get an agreement on relative strengths. Britain and France, particularly, will want to have the relative fighting strength of the nations put back where it was in 1931 before Japan, Germany, and Italy began pouring huge sums into building up their armaments. These latter three countries, on the other hand, will want to get an even better relative position than they now have, or at least to "freeze" the relative strengths where they now are. Inability to agree on relative fighting strength wrecked every one of the disarmament conferences which have been held under League of Nations auspices. Unwillingness to continue an agreement on relative naval strength led Japan to take the lead in scrapping the naval limitation treaties which were signed at the Washington and London conferences in 1922 and 1930, and to prevent a new agreement in 1936. The feeling over armaments now is more tense than it was in any of these years. The only chance of getting an armaments limitation agreement now, therefore, seems to be for the governments to realize that they must agree to escape disaster.

War is one danger. A very serious economic collapse is another, even if war somehow is avoided. Just now, the rush to get war equipment and munitions is creating a manufacturing boom in Germany, Japan, Britain, France, Italy, and a number of the smaller countries. We in the United States are feeling the effects, through the

greatly increased demand from Europe and Japan for our scrap iron, steel, iron, and other materials that go into making war supplies as well as through our own increase in naval building. This war equipment boom has produced something that looks a good deal like prosperity. But the governments are paying for these supplies with money which they are borrowing, since they cannot increase taxes anywhere near enough to meet the huge new demands out of current income. Borrowing on this scale cannot continue indefinitely without bringing on inflation and an ultimate collapse. Borrowing for guns and warships is especially dangerous because such things are not productive; unlike factories, for example, they cannot be used to produce goods that the people can use or to make things which can be sold to get back the original cost. Yet if the arms race goes on, this borrowing for unproductive purposes not only will continue, it will increase. Already, however, we Americans are being given the gravest kind of warnings against a false inflationary boom due in part to this spending on arms here as well as in other countries—and the danger here is much less than in most of the European countries and Japan. We know by sad experience, too, that an economic collapse in Europe means serious economic difficulties for us.

Yet this is not the only economic danger. Many hundreds of thousands of men and women in the principal manufacturing countries now are at work making munitions or materials for them. If this arms race is stopped, or even if the spending on

war equipment plants would create grave unemployment difficulties in these countries, at least temporarily. Tens of thousands, perhaps hundreds of thousands, in the United States would be thrown out of their present work if the nations should agree to stop the arms race. The effect would be direct in the copper industry and the steel mills, and indirect but no less real in the numerous other industries which turn out things used in making war supplies. Belgium, Holland, the Scandinavian countries, and Czechoslovakia also would be seriously affected by any international move that cut down the demand for fighting equipment.

Thus both alternatives present a dark picture. If the arms race goes on, disaster through war or economic collapse seems inevitable. If it is stopped, the wheels of many manufacturing plants will cease to turn, and many people will be out of work for the time being. The truth is that munitions manufacturing has grown like a huge tumor on the economic body of the nations. Whether they leave it alone to go on growing, or cut it away, they are sure to suffer. But if it is left alone, if nothing is done to stop the arms race and to clear away the international antagonisms which underlie it, the eventual suffering is sure to be much worse than anything that might result from cutting out the tumor now.

#### The Problem for America

Secretary Hull speaks for a good many Americans, and for many in other countries, in insisting that if the nations can be persuaded to "think in terms of peace" instead of in terms of war, they can get international trade going again on a sound basis and thus lay a secure foundation for world-wide prosperity.

These were the grounds on which the United States took part in European disarmament conferences, besides calling the Washington Conference in 1922 and sharing in the London arms conferences of 1930 and 1936 and the London economic conference of 1933. These are the reasons, too, why President Roosevelt has put so much emphasis on the "good neighbor" policy, and why he called the Pan-American Peace Conference. Moving along these same lines, he may decide to call a world conference on armaments and trade. He is in a much better position to do this than anyone else in the world, since he is head of the most powerful country—a country free from traditions of antagonism.

### SOMETHING TO THINK ABOUT

1. What are the main causes of the recent upward movement of prices?
2. How does a rapid price increase destroy the balance between the various parts of the population?
3. What action, if any, do you think the government should take to check the present movement?
4. What are the main economic effects of the present armament programs of the various nations?
5. Do you think the speeding of rearmament by France and Great Britain will have harmful or beneficial effects in maintaining peace?
6. Do you think it would be wise to call a disarmament conference at this time?
7. How does the new maritime act alter American policy with respect to the merchant marine?
8. What effect do you think Chief Justice Hughes' letter to Senator Wheeler will have upon the outcome of the Supreme Court issue?
9. What significance do you attach to Mussolini's recent visit to Libya?
10. What are the main points of similarity between the philosophies of the two Roosevelts?
11. Has the Popular Front government of France become more or less stable as a result of the recent clashes between communists and members of Colonel de la Rocque's party?
12. For what main purpose was the Julius Rosenwald Fund established, and what have been its main accomplishments?
13. What is the importance of the new trend in the Spanish civil war?

**PRONUNCIATIONS:** François de la Rocque (frahn-swah' d' la rok'-o as in or), Leon Degrelle (lay-on' duh-grell' o as in go, u as in burn).

#### The American Observer

A Weekly Review of Social Thought and Action

Published weekly throughout the year (except two issues in December and the last two issues in August) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$2 a calendar year. In clubs of five or more for class use, \$1 a school year or 50 cents a semester.

Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

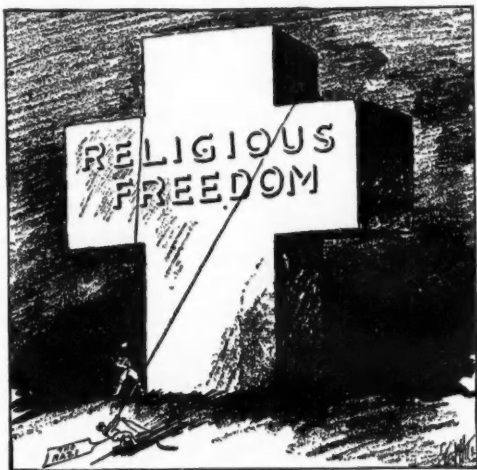
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# AROUND THE WORLD



THE OLD RUGGED CROSS  
—White in Tampa Tribune

**Spain:** Despite Italian help, the rebels have been meeting with steady reversals at the hands of the loyalists, who seem to be gaining in power and confidence. The outstanding fact of the civil war, in its present stage, is that the loyalists have, for the first time, taken the offensive. Previously, they had waged a defensive campaign seeking to beat off the rebels whenever an attack was made. But lately they have been pursuing the enemy and have been successful in completely routing the fascists. Unless General Franco is able to reverse this trend, the tide of victory seems likely to turn decisively in favor of the loyalists.

**France:** For several days the government of Premier Leon Blum of France was threatened when fighting between fascists and communists broke out in a Paris suburb and resulted in the death of seven persons and injury to more than 300. A number of followers of Colonel François de la Rocque, leader of the Social party, had gathered in a predominantly radical Paris suburb to view a pro-fascist film. The radicals were provoked by what they regarded as an unwarranted invasion of their quarter. Missiles flew, the fighting grew serious, and police had to be called.

While the fighting was the most serious since the riots of February 1934, which then caused the downfall of the government, no political consequences are expected. In fact, the success with which the cabinet has managed to survive the entire incident is taken by most observers to indicate how essentially stable the Popular Front has become.

**Vatican City:** In two encyclicals notable for their vigorous tone, Pope Pius XI, recuperated from his recent illness, has lashed out at political tendencies he regards as threatening the existence of the Catholic Church and shaking "society to its very foundations."

In the first of these encyclicals, the Pope made a strong attack against communism. All states, he said, are being exposed to its serious danger. He charged communism with suppressing liberty, so that the human being becomes but a mere cog in the collectivist machinery. For an exhibit of what he termed "its ravages," he pointed specifically to Russia, Mexico, and Spain. But the head of the Roman Catholic Church did not stop merely with this denunciation. The progress which communism has made, he emphasized, is understandable. The economic order of the present day contains very real abuses. The workingman has been thrown into a sad plight, and it is therefore natural that communist doctrine should ensnare him.

In order to wean the worker away from this snare, it is the duty of society to improve economic conditions. The employer, for one, must recognize the inalienable right of the worker to a wage sufficient to keep himself and his family and to permit them to live in "lofty dignity." The wage earner, the Pope strongly affirmed in this first encyclical, should not receive as alms what is his due in justice.

The second encyclical was read as a pastoral letter in all the Catholic churches in Germany. It openly charged the German government with violating the concordat reached between Berlin and the Vatican in 1933. The education of children, it said, had been forcibly taken from their parents and placed with authorities who mock "the sign of the Cross." The National Socialist state was permeated with "heathen ideals," it charged, and warning was given that the Catholic Church would continue to "oppose an attitude that seeks to stifle guaranteed right by open or covert show of force." These words are expected to result in Germany's cancellation of the 1933 concordat, with what effects remains to be seen.

**Libya:** Posing in a role upon which his thoughts have often dwelt longingly, that of a caesar surveying his realm, Mussolini in the past fortnight paid a ceremonious visit to Libya, the Italian colony he has not seen for 10 years. His entrance into Tripoli, the capital, would have had the approval of the most exacting of Rome's ancient emperors. While warships in the harbor throated their salute and 100,000 Moslems crowded into the narrow streets, Mussolini rode upon a white charger with that slowness of gait which is the prerogative of majesty. Occasionally the sharp thrust of his jaw slackened, permitting a smile to escape. Then he addressed the people. He pointed to Palestine, where Arab fighting with the British has been resumed; to Syria which has only begun to recover from a crippling strike against French rule; and to Egypt, where a new treaty with Britain has not sufficed to end disorders. In all these Moslem lands, he said, there was strife. There was but one authentic oasis of peace and tranquillity among all Mohammedans and that was Italian Libya. The Libyans applauded Mussolini vigorously and presented him with a jeweled sword.

Except for the revealing light it casts

upon the Italian dictator, this incident might perhaps be dismissed as of little consequence. But it is actually most significant. England rules over 100,000,000 Mohammedans and to have Mussolini proclaim himself the protector of Islam is to invite growing opposition to British rule. There can be little doubt that, despite Italian denials that London and Rome can have any object of quarrel in the Mediterranean, the Italian dictator is seeking to build an empire that will rival the British. It is now more than a decade that Mussolini has been seeking to create good will for himself in the Near East and in northern Africa. In addition to the propaganda broadcast over the radio each night, Italy has been building schools and hospitals everywhere. Moslem students have been given every inducement to spend their vacations in Italy. During the Ethiopian war, newspapers in Syria were paid to write favorable comments.

**Bolivia:** A group of army officers, returned from the Chaco war which their country had waged with Paraguay, engineered a revolt in Bolivia less than a year ago and declared their intention of setting up state socialism. The leader of the rebellion was Colonel David Toro, whose exploits in the war had turned him into a national hero. Taking over the government in La Paz, the capital, Colonel Toro mapped a threefold program. He declared that his country had too long relied, in its economic structure, upon the exports of oil and tin. It was necessary to develop agriculture and he proposed to do it by taking over large estates, which had been lying fallow, and planting them with cotton, fruits, rubber, wheat, and tobacco. Secondly, he embarked upon a plan for adding to the country's railways and roads, and for this purpose he conscripted unemployed labor. Lastly, Colonel Toro, ripping a page from the nationalistic texts of other powers, suggested the expulsion of foreign interests whose investments in tin and oil resources amounted to \$130,000,000. His cry, "Bolivia for the Bolivians," found a hearty response among the 30,000 soldiers who had come home from the war only to find that they could not get jobs.

But this last phase of the program was not carried out until late this month, when the Bolivian government announced that it had withdrawn the oil concession of the Standard Oil Company and confiscated its property. Officials at La Paz claim that the American firm has been illegally exporting petroleum without paying royalties to the government, but some observers

maintain that Bolivia is merely taking advantage of this claim to expel foreign interests. Speculation is rife over the action, if any, to be taken by the American State Department; for the incident offers a test to the New Deal's policy of remaining a "good neighbor" even if it involves foregoing armed protection of American interests in South America.

As has happened several times in the last three years, agitation in Puerto Rico



© Wide World

**"DADDY" COMES HOME**  
The life of a Japanese soldier is not composed entirely of austere military things, as this domestic scene will testify.

for complete independence from the United States resulted in serious riots, bringing death to at least seven.

A test of the vaunted power of the fascists in Belgium will take place in the first week of April, when Leon Degrelle, young leader of the fascist Rex organization, will oppose Premier van Zeeland in a by-election for a seat in the Belgian parliament.

## SMILES

"The average area of face a man shaves is 48 square inches." Or a little more in the case of court justices, whose faces have been long recently.  
—*Boston Evening Transcript*

Europeans must be nearing the end of their armament programs, judging from their reported willingness to discuss armaments.  
—*Fort Wayne News-Sentinel*

We are a bit nonplused by the charges that the administration is usurping the air in the court discussion. We thought the administration was perfectly willing to give it to them.  
—*Boston Herald*

A mortgage is something a man may carry without being able to lift.  
—*Los Angeles Times*

The man who invented the white strip in the middle of the road has been given a medal. We understand the committee is now searching for the fellow who stays on his side of it.  
—*Judge*

"Course in lion-taming by mail; make a lion do anything you want him to."—Advertisement. This isn't exactly clear to us, but we do know that if we had anything we wanted a lion to do, we'd prefer to write him a letter about it.  
—*Washington Post*

The old-time interlocutor in the minstrel show left a son, now with the C. I. O., who stalks into a shop and calls, "Gentlemen, be seated!"  
—*Atlanta Constitution*

"You have a nice collection of books, but you should have more shelves."  
"I know, but nobody seems to lend me shelves."  
—*New York Journal*



—Courtesy Department Agriculture and Commerce, Puerto Rico  
PUERTO RICO—ISLE OF PALMS AND SHINING WATERS





© Harris &amp; Ewing

**THE SENATE JUDICIARY COMMITTEE HOLDS HEARINGS**  
The President's plan to reorganize the Supreme Court is the subject under study, and the committee hearings are daily thronged with senators, witnesses, and spectators. The first two weeks were devoted to hearing arguments in favor of the plan. The opposition is now being heard from.

## The Opposition's Voice

After two weeks of listening to arguments in favor of the changes in the federal judiciary, including the Supreme Court, which President Roosevelt has proposed, the Senate Judiciary Committee opened the door to arguments on the other side on March 22. Senator Burton K. Wheeler, Democrat from Montana, was the first "anti" witness. His main argument was that if the people really wanted something they could get it through a constitutional amendment, so that the "liberalization" advocated by the President is not necessary. The child labor amendment has not

been approved in 13 years, he said, because not enough people want it. The amendment repealing prohibition, which the great majority did want, went through quickly.

Senator Wheeler created a sensation by presenting to the committee a letter which he had received from Chief Justice Charles E. Hughes.

This letter was in reply to an inquiry which Senator Wheeler had made and which stated definitely that the Supreme Court is not behind with its work and that an enlargement of the Court would not help it to expedite business. President Roosevelt had given as one of the arguments in favor of enlarging the Court that its docket was clogged and that it needed help in order that the cases before it might be heard quickly. Chief Justice Hughes says that the cases which come before the Court must be heard by the whole body, so that an increase of the number of justices would not expedite business. The Chief Justice added that while he has not consulted all the members of the Court, he has talked with Justices VanDevanter and Brandeis and that they are in agreement with him. This information is particularly significant in that Justice Brandeis is one of the liberal members of the Court.

## "Sit-Down" Strikes

With 6,000 strikers occupying the Chrysler plants in Detroit and refusing to obey a court order to leave, and with automobile union officials threatening to call 100,000 other members of the union out on strike, the nation's labor troubles have once more been the center of public attention. Sit-down strikes in factories, stores, hospitals, and taxicabs have seriously affected the life of many communities scattered over the country and have temporarily pushed the Supreme Court issue into the background, even in the halls of Congress.

In Detroit and elsewhere the sit-downs have been most widespread. There has been much confusion among labor leaders, employers, and government officials as to what should be done. Some employers have adopted the attitude that the strikers should be driven out, fired from their jobs, and the unions broken up. Others have favored a moderate course of dealing with the unions as representing their own members. Labor leaders still

affiliated with the A. F. of L. have in general been opposed to sit-down strikes, while the members of the C. I. O. look upon it as their most effective weapon in their campaign to unionize the big industries.

In the case of the Chrysler strike, the C. I. O. automobile workers union claims 85 per cent of the Chrysler workers as members and insists that according to the Wagner Labor Relations Act it is thus entitled to bargain for all Chrysler employees. The company replies that the union's demand is really for a "closed shop," which would mean that only union members could be employed. At the request of the company, the courts have ordered the local law enforcement officials to arrest the strikers and their leaders. Detroit probably does not have a large enough police force to remove the strikers against their will. As we go to press this week, Governor Murphy has refused to say whether or not he would call out state troops to help enforce the orders of the court, although he has hinted that he might. Meanwhile, a large group of federal and local mediators, including the governor, are still attempting to bring union and company officials together and end the strike.

## The Public Reaction

What is to be the outcome of this wave of strikes is the question which congressmen, senators, and the general public have been asking over and over within the past week. Senator Hiram Johnson, Senator King, and several members of the House of Representatives have made speeches in Congress attacking the sit-downs as the forerunner of dictatorship and have called upon President Roosevelt to stop them. Senator Robinson has replied that until the Supreme Court decides on the Wagner Labor Relations Act, the administration isn't sure just what power it does have to deal with such a situation. A few legal authorities, such as James M. Landis, chairman of the Securities and Exchange Commission, who will soon become dean of the Harvard Law School, have said that it may become recognized that workers have the right to seize factories to prevent them from being

operated while a strike is in progress since the employee probably has as much "property" right in his job as the owner has in his machinery. They point out that often during a labor dispute, the owner simply hires new workers at his own terms and forgets about the strikers and the conditions which caused the trouble, and that unless the strikers have some way of preventing him from operating, they are completely at his mercy. The Institute of Public Opinion, however, has reported that 67 per cent of people favor legislation forbidding sit-down strikes.

What seems certain to develop is a movement to grant the federal government greater power to deal with industrial disputes. Even employers who have previously strongly opposed any interference by the government in such instances seem to be coming around to the position that government mediation is the best solution.

## Security Achievement

One of the most important achievements of collective bargaining between representatives of labor and corporation owners ever accomplished, took place just a week ago when leaders of the nation's railroads and the 21 standard railway unions quietly signed a voluntary agreement covering the payment of pensions to 1,500,000 railway workers. It will replace the present retirement plan set up in a previous New Deal bill, and will go into effect as soon as its provisions are enacted into law by Congress. The existing plan has been tied up in the courts for some months on account of the opposition of the railway companies, which the companies have now voluntarily withdrawn.

## Wages and Employment

When the wage increases recently announced for the steel workers went into effect on March 15, the total number of workers who have had their pay raised recently mounted to nearly a million. The increases are at a rate to put an additional \$168,000,000 into pay envelopes in a year. The steel workers are the largest group to get these raises, with 550,000 receiving higher pay which will yield \$120,000,000 in a year. Workers in the packing industry come next; 124,200 of them getting \$23,100,000 for a year.

According to the National Industrial Conference Board, on the other hand, the number of unemployed in the country increased in January, compared with December, by 7.4 per cent, with 582,000 losing their jobs. The January figure of unemployment was 1,933,000 lower than that for January 1936, however. The number of employed workers in January, this year, was 44,521,000. This was 2,635,000 fewer than the average for 1929.

Contrasting with these figures are those for jobs secured in February through the United States Employment Service, as reported by Secretary of Labor Perkins. That service found jobs for 250,249 persons last

month, 165,744 men and 64,475 women. Of these jobs, 158,013 were in private industry. This was two and a third times the February 1936 number.

## Julius Rosenwald Fund

One of the events of President Roosevelt's vacation at Warm Springs was the dedication of a new school for Negro children, constructed jointly by the WPA and the Julius Rosenwald Fund. The Eleanor Roosevelt School House,



THE SUPREME COURT BATTLE RAGES ON  
—From Albany Knickerbocker Press

as it will be called, is the 5,358th Negro school to have been constructed with the help of the fund.

Julius Rosenwald, who died in 1931, was the president of Sears, Roebuck and Company. The aim of the fund, which he established in 1917, was promotion of Negro education, but the fund has not limited itself to this type of educational assistance.

Of the \$13,000,000 which the fund has contributed to educational programs, almost \$9,000,000 has gone toward improving facilities for Negro education in the South. Most of this was spent in constructing elementary and secondary school buildings which were then presented to the local or county authorities, as was done in Warm Springs. Four Negro universities have also been assisted; these are Howard University in Washington, Fisk University in Nashville, Atlanta University in Atlanta, and Dillard University in New Orleans. Scholarships have been granted to 400 outstanding Negro students and leaders, other scholarships have been given for studies of race relations. One of these, by B. Schrieke, was recently published under the title "Alien Americans."

## Immortals

Who would you say are the five greatest Americans? Dumas Malone, editor of the *Dictionary of American Biography*, suggests in an article in *Harper's* for April that hostesses who find the conversation lagging might make a game out of asking their guests to write down the names of the five. Most people, he says, will agree on two names "for the history books have firmly fixed them in our minds." The guests may agree also on a third, but almost certainly they will not on all five. "If the game were enlarged and the names increased from five to 40, the unhappy guests would hardly agree at all." Yet Mr. Malone had to select 13,500 names to be included in the *Dictionary of American Biography*. He lists 40 whom he would place among the "American immortals"—selecting only from those who are dead—but he is careful to say that probably many will disagree with him.

As the first five, Mr. Malone names George Washington, Abraham Lincoln, Thomas Jefferson, Benjamin Franklin, Woodrow Wilson. Then he gives 18 other public men: James Madison, John Marshall, Alexander Hamilton, Ulysses S. Grant, Robert E. Lee, Andrew Jackson, John C. Calhoun, John Adams, John



JUBILANT WORKERS CELEBRATE THE SETTLEMENT OF THE STRIKE IN THE PLANTS OF THE DOUGLAS AIRCRAFT CORPORATION IN SANTA MONICA, CALIFORNIA



# The United States

## Doing, Saying, and Thinking

Quincy Adams, Jefferson Davis, Theodore Roosevelt, Stephen A. Douglas, Daniel Webster, Henry Clay, Grover Cleveland, William Jennings Bryan, Winfield Scott, Joseph Story. Nine writers are included in Mr. Monroe's book: Ralph Waldo Emerson, Nathaniel Hawthorne, Samuel L. Clemens (Mark Twain), Walt Whitman, Edgar Allan Poe, Henry David Thoreau, Henry James, James Fenimore Cooper, Horace Greeley. There are three artists: James Abbott McNeill Whistler, Augustus Saint-Gaudens, John LaFarge. One

force for inspecting air lines be set up at once; that the weather service be improved; and that ground facilities including field markings, guiding beacons, and other safety aids be increased.

### Nebraska Success

With the legislative session now half over, the state of Nebraska has had time to check up on the work being done by its new one-house nonpolitical legislature which began operation this year. While some of the laws it has passed have not escaped criticism, there is general agreement that the present legislature is a great improvement over the old one.

In quantity of work accomplished the present one is far ahead of the schedule followed by any of its predecessors, and the cost is less than half as much. Under the old two-house system the operating expense of the legislature was about \$1,750 a day; now it averages \$800 per day. Members of the one-house legislature are called senators and are elected without any reference to their political party. Their leaders have been very much pleased that so far there has been almost no evidence of political partisanship in the way members have voted. Speaker Charles J. Warner, who has been a state legislator for many years, says that the new system is "40 times better than the old one."

### Welfare Progress

Although it is only a little more than a year since the law went into effect providing federal aid for maternal and child welfare work in the states, all 48 of the states, Alaska, Hawaii, and the District of Columbia, have prepared plans for this work and had them approved by Washington, Miss Katherine F. Lenroot, chief of the Children's Bureau in the Department of Labor, reported in a recent issue of the *United States News*. Up to March 8, \$3,314,169 had been paid to the states to help them improve their services for mothers and children. Something of what is being done is shown by the fact that while only 31 states had divisions of maternal and child health in their state health departments in 1934, and only 22 had full-time directors of such divisions, all 51 of the states and territories now have provided for such divisions under medical direction. The work is carried on along three lines: maternal and child health, crippled children, and child welfare.

### Glass Threads

Among the amazing new developments in the use of glass is the creation of a device which is capable of spinning glass threads one-twentieth the size of a human hair. One pound of glass would make such a thread 5,000 miles long, or nearly long enough to reach across the Pacific Ocean. Experiments are being made with glass for clothing, but even yet the glass cloth is too harsh to be comfortable in direct contact with the skin. As insulation for both heat and electricity, glass tape and glass-cloth screens are being widely used, however.

### More Wheat, Less Corn

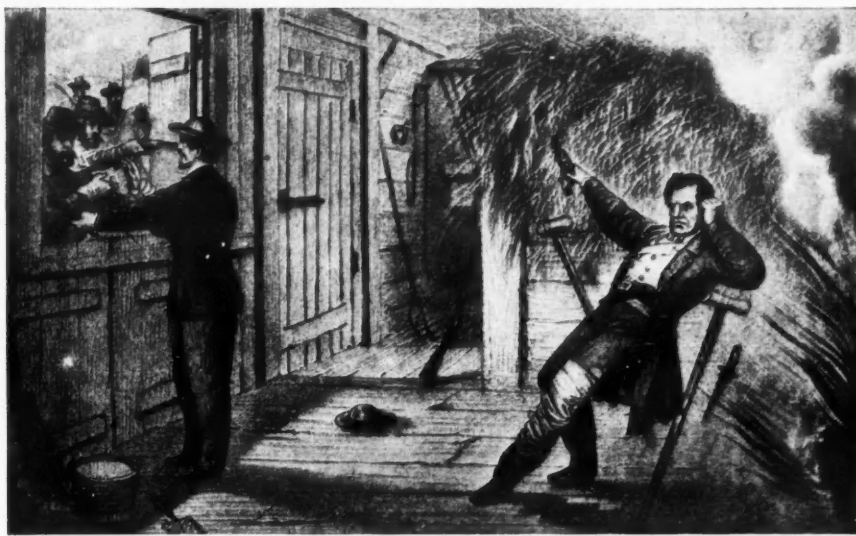
American farmers expect to have more acres in wheat this year than in any year since 1919, the Crop Reporting Board states. The total will run to between 67,000,000 and 68,000,000 acres. War prices and needs for wheat took the wheat planting in 1919 up to 73,700,000 acres, the record for the country. If the weather is favorable, the planting this year will yield a large surplus of wheat, which in turn would mean a sharp drop in prices. This is leading to renewed talk of the necessity for some kind of federal control of farm production. The drought is continuing in the Dakotas and Montana, however, so there may not be an excessively large crop. The amount of wheat planting this spring also may be less than present expectations.

The acreage going into corn this year will be somewhat less than last. Nevertheless, about 94,800,000 acres of corn, 35,700,000 acres of oats, and 10,900,000 acres of barley will be planted. Reports on cotton prospects are not available. But the total acreage for other farm crops is expected to be somewhere near the average for 1928-32.

### Toward Air Safety

Every airplane accident involving the loss of life is followed by an immediate public demand that "something be done about it." That demand has finally resulted in a set of recommendations for air safety which the Senate Commerce Committee has just drawn up and which will probably be put into effect by this Congress. It is proposed that the position of assistant secretary of commerce for air be created and that there be an appropriation of \$12,414,000 for the general purpose of making air transportation safer.

It is recommended that \$2,000,000 of the appropriation be devoted to research, chiefly for the development of more powerful aircraft engines. It is also proposed that a Bureau of Federal Airways be created, under the new assistant secretary of commerce; that a large



"THE MISERABLE DEATH OF J. WILKES BOOTH, THE ASSASSIN OF PRESIDENT LINCOLN" Such is the title of an old print depicting the shooting of Booth. The author of "Why Was Lincoln Murdered?" points out that in detail it is historically inaccurate. For example, the shooting was actually done through a crack in the wall.

## NEW BOOKS

### Historical Atlas

In order to assist the student of present-day world problems to get his geographical bearings, J. F. Horrabin has provided two valuable aids in his "An Atlas of Current Affairs" and "An Atlas of Empire" (New York: Alfred A. Knopf. \$1.50 each). In the first of the atlases, the author furnishes 74 maps with accompanying descriptive texts on all the major world problems. Beginning with Europe, where he touches upon the Versailles Treaty and the dislocations caused by the postwar settlement, he moves on to the Mediterranean and Near East, Japan and the Far East, Soviet Russia, and finally to Africa.

The same technique was followed in the preparation of the "Atlas of Empire," which was compiled to meet the needs growing out of such current problems as the Ethiopian conquest, Japanese aggression in China, German demand for the restoration of her colonies, and the whole question of imperial relations. Unquestionably, these books should be as widely distributed as possible, for they enable the reader of today's news to fit the various items into their proper geographical and historical background.

### Deep South

In "Deep Summer" (New York: Thomas Y. Crowell. \$2), Gwen Bristow has written a historical romance that for all its dull, lusterless prose exhibits narrative skill rather striking in a first novel. The story revolves about Judith Larne, daughter of a Connecticut family driven by crop failure in the years before the Revolutionary War to seek a new homestead in Louisiana. Judith's life is a constant struggle with her own temperament, with her husband's vagaries, and with the rigors of a marshland not readily subdued. Into this general pattern, Miss Bristow weaves



FROM THE ILLUSTRATION FOR THE JACKET OF "DEEP SUMMER," A NOVEL OF THE SOUTH BY GWEN BRISTOW

a host of settings and characters, at least one of whom the reader will long remember.

### Grey of Fallodon

Throughout the difficult years preceding the World War and for several during which it raged, Britain's foreign minister was Edward Grey. Argument has not yet ceased on the competence of Grey for this extremely delicate office. He has been accused of a bungling job, of inability to make quick decisions, of a rather haughty disdain for the opinions of his colleagues in the cabinet, and of a persistent refusal to study at first hand the forces that were then struggling for prominence on the continent. To George Macaulay Trevelyan in his sober, admirably balanced biography, "Grey of Fallodon" (Boston: Houghton, Mifflin. \$3.75), these accusations seem to fail to take into account those characteristics of Grey the man that explain his conduct in the foreign office.



VISCOUNT GREY OF FALLODON

Though he entered politics at a rather early age, Grey never really had an absorbing interest in public affairs. He felt happy only among the birds that nested in the sanctuary built on his estate or among the trout that matched his fly-casting at the bottom of streams. His decision to run for parliament was taken out of a sense of duty. That was his great error. A political motive so honest made him ineffectual in dealing with other politicians. He was so far from personal ambition that he always carried a resignation in his pocket, a threat to his colleagues that restrained them from finding fault with what he conceived to be the right direction.

### Strange Mystery

Perhaps the most intriguing incident in all American history is the assassination of Abraham Lincoln while he sat in the presidential box at Ford's Theater in Washington on April 14, 1865. Historians have never cleared up all the details of that crime, and most of them have admitted that a certain amount of mystery will always remain unsolved. It is the purpose of Otto Eisenschiml in his "Why Was Lincoln Murdered?" (Boston: Little, Brown, and Company. \$3.50) to reconstruct as accurately as possible all the details connected with that great tragedy.

The author admits that the greater part of his evidence is circumstantial and would stand no chance of surviving a legal attack. However, he does point to many irregularities and builds a convincing case against high governmental officials, especially Secretary of War Stanton, who had much to gain by Lincoln's death and who certainly was negligent in the performance of his duties. It is a fascinating story that Mr. Eisenschiml reconstructs, grim in its many aspects, captivating in setting forth the intrigue and tragedy attending Lincoln's death.



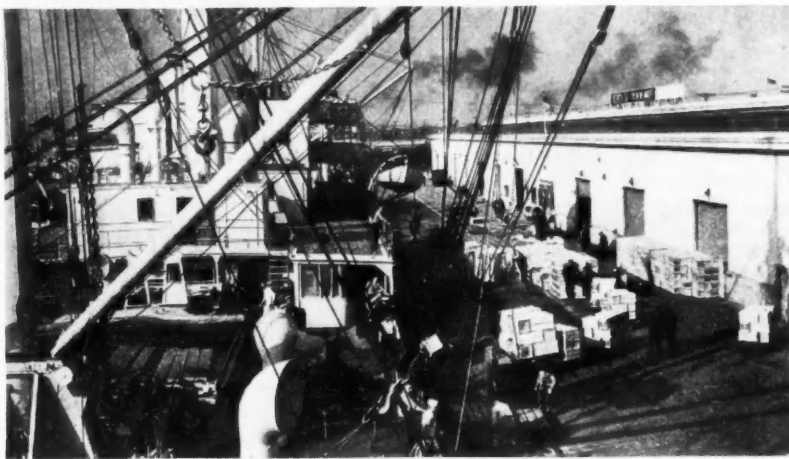
# The New Merchant Marine Program

**M**OST Americans, residing as they do in the interior of the country, have little interest in the merchant marine. They do not consider themselves directly affected by the conditions of the shipping industry, and they are baffled by its technicalities. To them, the merchant marine is simply a fleet of ships which carry freight and passengers to and from the various harbors of the world. Despite this lack of interest, there are few subjects of more vital concern to the nation as a whole, especially in time of war.

As soon as the Senate confirms the appointments of the five members of the Maritime Commission, the government will embark upon a new program with respect to the merchant marine. Few government agencies will be confronted by greater responsibilities than this new board, and few have been vested with more power and responsibility. For the Congress, by passing the Maritime Act of 1936, was determined to follow a definite course, a course designed to build up the American merchant marine and to make it as powerful as any in the world. But before taking up the powers and duties of the Maritime Commission, let us review briefly the past history of the American merchant marine.

Early in its national history, the United States became a leading maritime power. It had the materials to construct merchant vessels at low cost. By 1830, American-built and American-owned ships carried 90 per cent of our foreign trade. The Yankee Clipper ships became world famous and dominated the seas until about the middle of the last century. At about the time of the Civil War, however, America's position began to decline.

During the early part of the present century, American shipping reached a new low. About 85 per cent of the foreign trade of the United States was handled by foreign vessels. When our battle fleet,



Wide World

## AMERICAN SHIPPING—A NATIONAL PROBLEM

proudly known as the "White Squadron," cost the government \$516,174,219 were sold to private concerns for \$41,411,665.

From as early as 1789, the government has given assistance to the merchant marine, in one way or another. At first, it reduced the import duties on goods carried by American vessels, and American-built and American-owned ships were charged lower tonnage rates in American harbors. Later, all the coast-wise trade was restricted to American ships. In 1845, the first direct subsidies were granted to ships for carrying mail. In recent years, aid to private shipping has been in the form of loans for new construction and outright grants for carrying mail. Under the mail contract system, a number of abuses arose, the private companies reaping heavy profits at the expense of the government.

It was in order to prevent the recurrence of such abuses and at the same time to build an "adequate merchant marine" that the Merchant Marine Act of 1936 was

passed. The mail-contract system was called a disguised subsidy by the President and he proposed to do away with the subterfuge and "honestly to call a subsidy by its right name." Thus, all the contracts are to be cancelled and the government will begin a program of outright subsidies to the private shipping companies.

The provisions of the new marine act are numerous. The commission will survey all existing trade routes and realign them in such a way as best to meet the needs of the country. It will have direct charge of granting the subsidies, which will operate in two ways:

(1) An American shipping company, operating a fleet of ships on the Atlantic, for example, declares that a foreign line, paying lower wages, can operate more cheaply, charge lower freight rates, and get the business. It appeals to the Maritime Commission, which gives it a gift or subsidy for operating the line; enough of a subsidy to make up for its higher costs. This is called an operating subsidy.

(2) An American company wishes to build a ship, but finds that a foreign firm can build it cheaper. It appeals to the Maritime Commission, which investigates the foreign costs. It finds that, because wages and materials are cheaper abroad, the foreigners can build it for less. It then gives the American company a subsidy to make up the difference. This is called a construction subsidy.

In addition to these duties, the new commission will rule on labor conditions and wage rates for seamen employed on subsidized vessels. Other precautionary measures have been included in the law, designed to prevent the graft which existed under the old law. For example, dividends must not exceed 10 per cent of the companies' investment of their own money. Salaries of ship executives are not to exceed \$25,000 a year.

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## Personalities in the News

### Henry A. Wallace

Henry A. Wallace occupies a peculiar position in the Roosevelt administration. Not only is he responsible—more than any single person—for the agricultural program of the New Deal, but he is constantly looking at the broader economic and social problems of the country. It is entirely in keeping with his role that he should caution the nation against an inflationary boom, as he recently did. What he is seeking is stability and balance, and he tries at all times to view the problems of our society as a whole.

Secretary Wallace's personality is somewhat of a contradiction, for he is at the same time a son of the soil, familiar with the practical side of farming and the trend of prices, and the mystic who loves to ponder the deeper meaning of life. He loves solitude and one can regularly see him walking to work in the morning apparently in deep meditation. He is opposed to crop reduction as a permanent policy, but realizes that as a temporary measure it was the only way to lift the farmer from the depths of depression.

Mr. Wallace was educated in the public schools of Iowa and graduated from the University of Iowa in 1910. He immediately went to work on his father's paper, a journal dealing primarily with farm problems. He has devoted years to scientific research and has done as much as any man in our generation to develop high-grade corn. At present, he is looking to the day when agriculture may again flourish, not by crop reduction and destruction, but by find-



ing markets for all that our land may produce. His friends hold him in such high regard that they are boosting him for the presidency in 1940.

### Marriner S. Eccles

Marriner S. Eccles, who stands at the head of the United States banking system by virtue of his position as governor of the Federal Reserve Board, has had a spectacular rise to national power and prominence. When the New Deal was ushered in, practically no one in Washington had heard of him. Just a few weeks before the inauguration, he had met Rexford G. Tugwell in New York, who was favorably impressed by his ideas on money and banking. In 1934, Secretary of the Treasury Morgenthau brought him to Washington as a special assistant, and it was the secretary who urged President Roosevelt to elevate him to one of the most important positions in the nation.

Although unknown to public officials in Washington, Eccles had already carved for himself a niche of importance in the business world of his own part of the country.

Following the death of his father in 1912, young Marriner was called upon to take charge of the substantial estate of the family. Within a few years he became the wealthiest of the younger generation in the West, was president of a number of large corporations, including the chain of 25 banks in Utah and Idaho with resources worth \$50,000,000. None of his banks failed during the depression, and he was recognized as an executive of unusual ability.



The appointment of Mr. Eccles to the governorship of the Federal Reserve Board in 1935, made chills run down the spines of conservative bankers and financiers, for he was known to have rather wild ideas about money and banking. He had definite ideas about what should be done to lift the country from the depression. He claimed that the government should run itself heavily into debt in order to put purchasing power into the hands of the people. A national debt amounting to 40 billion dollars would not, he said, cause any trouble. It is only in keeping with his general philosophy that he advocates a policy of budget balancing, now that recovery may be getting out of hand.



The two persons who have had the greatest influence upon the career of Henry Morgenthau, Jr., are his father and his "chief," Franklin D. Roosevelt. It is strange that he should hold his father's ability in such high esteem, for the elder Morgenthau has never measured up to the stature of the present secretary of the treasury. It is not strange that he should regard the President so highly, for the two men have long been closely associated. They have been neighbors in Dutchess County, New York, since 1913, when Morgenthau purchased a farm 15 miles from the Roosevelt estate.

Morgenthau's political career has been greatly shaped by Mr. Roosevelt. During the war, he worked in Washington in the Navy Department of which the President was then assistant secretary. No one stood

by Mr. Roosevelt during his illness more devotedly than he, and the two men were closely associated during Mr. Roosevelt's two terms as governor of New York state.

During the 1932 campaign, Mr. Morgenthau was placed in charge of lining up the farm leaders in the Roosevelt column. When the New Deal was launched, he was placed at the head of all the farm credit agencies, reorganized as the Farm Credit Administration. But his biggest job has been the secretaryship of the treasury which he assumed after the death of William Woodin. That job he has handled quietly, efficiently.

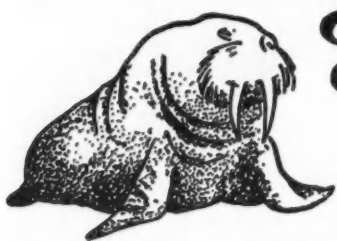
Jesse Jones

The career of Jesse Jones is the typical Horatio-Alger brand of success story. Like so many of the other captains of industry and titans of finance, he has risen from the bottom to the top of the financial ladder. After completing a grade-school education in Tennessee, where he was born, he moved on to Dallas, Texas, where he entered the lumber business. His activities expanded into the publishing, promoting, and real estate fields. Before the crash, he was recognized as a multimillionaire.

This pioneer capitalist was made a member of the board of the Reconstruction Finance Corporation by President Hoover, and shortly after the beginning of the Roosevelt administration he was elected its chairman. He has been a close adviser to the President on financial matters since the latter's election. He has frequently been the administration's "contact" man with private bankers.







# The Walrus

"The time has come, the walrus said, to talk of many things: of shoes—and ships—and sealing wax—of cabbages—and kings."

AS I STEPPED from the train early in the morning a few days ago in Columbia, South Carolina, I appreciated the warm air, suggestive of approaching summer; for Washington was blanketed by belated snow when I had left the evening before. I observed with some surprise the leaves which were well out on the trees, and the flowers, particularly azaleas, which lent gayety and color to the broad, green lawns. I was even more impressed by the atmosphere of quiet and repose which pervaded this old southern town. What a contrast to the noise, hurry, and bustle of an industrial city! It is hard to gear the human organism to the conditions under which one must live in a city like New York or Chicago, and nerves can scarcely stand the strain. Washington isn't so noisy or hurried as the great cities are, but there is an atmosphere of anxiety in the capital city. The humblest citizen, even though he is entirely free from responsibility for the governmental decisions which are being made in his neighborhood, nevertheless feels the strain and uncertainty of it all.

But in the quiet Carolina capital, with its white-pillared mansions, reminiscent of the prewar South, there is an outer calmness which is good for the soul. There, it appears, one should be able to work out a civilized way of life.

Columbia, though quiet, was crowded the day I was there, for 7,000 teachers had assembled to attend a meeting of the state education association. And I was pleased to find in the history section of the association as lively an interest in the study of current national and international problems as I have seen anywhere in the country. The South Carolina teachers seem to be a progressive lot.

IT IS a beautiful drive from Columbia to Charleston; beautiful if one is not influenced too much by a social conscience. But what is the meaning in human terms of the little shacks of one or two rooms that dot those pleasant fields? Families live in those shacks; American families, dark in color, in many cases, but American nevertheless. "The underprivileged masses," we may speak of, as if they were abstractions, but I was reminded of Carlyle's observation about the French "masses" as they were found before the Revolution. "Masses indeed," he said, "and yet, singular to say, if, with an effort of imagination, thou follow them, over broad France, into their clay hovels, into their garrets and hutches, the masses consist all of units. Every unit of whom has his own heart and sorrows; stands covered with his own skin, and if you prick him, he will bleed."

I saw these human units; saw a man or boy now and then, following a rude plow drawn by an ox or, more often, a mule. But I saw only the externals. I did not follow them into their little cabins. I am often told that they are happy; know no other kind of life, enjoy their meager existence. But I do not know.

SPENT several hours in Carolina with a northern manufacturer who was in the South looking after his interests. He reported gloom among the textile company officials. They have raised wages, hoping to spread content among the workers so that John L. Lewis can't come in and organize them into a C. I. O. union. They say these wage increases will force them to raise prices. This will cut down their

sales. So they can't go ahead with plans to expand their plants. They fear Lewis and his C. I. O.; think he is threatening the recovery movement; call him a revolutionist.

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ON MY return to Washington I talked with a friend who had spent the evening before with John L. Lewis in a private home. He reported that Lewis discussed the labor situation calmly, reasonably; declared the unions were willing and anxious to submit to an impartial body proof that the great majority of the Chrysler workers had joined the C. I. O. union; asked only that Chrysler

talk things over with the union leaders; wanted only to organize the men into effective unions to protect their interests.

What is the truth of the matter? How far do the Lewis unions want to go? How are they affecting the recovery movement? There is great need that reasonable people on both sides meet and talk things over in an honest, candid way. The public must make up its mind in the dark, hearing such contradictory stories.

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WHILE the political leaders talk, win popular favor, compromise, occupy the limelight, trained public servants, practiced administrators, outside the blaze of publicity, carry on the work of government. One of the most efficient of this class of officials; of the men who play such a large part in the practical work of government, is Thomas M. Woodward, recently appointed to membership in the newly created Maritime Commission (see page six). Mr. Woodward is not new to this work, for he was vice-president of the old Shipping Board. He has long been a student of problems affecting the merchant marine. He knows the problems of the shipping companies and of the men who work for them. He is a specialist in that field; but not a narrow specialist, for his interests are broad. In private conversation he seems as much at home discussing the Supreme Court as the merchant marine. Nor do his interests stop with public problems. Music is a hobby with him. He is a good singer and, being an Irishman, likes nothing better than to sing Irish songs, bringing an evening to a climax with "Mother Machree."

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IN THESE days, when, despite a large measure of business recovery, most vocations are still overcrowded, it is a satisfaction to hear of brightening prospects for positions in any line of work. I was very glad, therefore, when my friend, Joe Wilson, manager of the Detroit Teachers' Agency, told me a short time ago that good openings were appearing in certain branches of teaching. Teachers of home economics and commercial subjects, he says, are in demand. There was such a reduction of staffs in these branches during the depression, he says, that many teachers are needed as normal conditions are restored and as expansion gets under way again. He thinks that there will be a lively demand for well-qualified teachers of these subjects for several years. I understand that Teachers College of Columbia University also reports many requests for such teachers.

—The Walrus.



THESE TWO CARTOONS, FROM THE TIMES OF THEODORE ROOSEVELT, ILLUSTRATE THE NATION'S ATTITUDE TOWARD THE TRUSTS

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### The Two Roosevelts

TIME and again, the American people have veered back and forth between a conservative and a liberal mood. A nationwide upsurging of liberalism was apparent, for example, last November when President Roosevelt was reflected by an unprecedented landslide. We need, however, go back only a few years to find a conservative frame of mind dominating the nation, when such representatives of conservatism as Harding, Coolidge, and Hoover were ushered into office by substantial majorities. It is interesting, in our work of historical correlation, to turn to the early years of the present century when the national temper was decidedly liberal in tone. Among other things, such a study will enable us to compare the first Roosevelt with the present occupant of the White House.

Speaking of the election of 1912, the historian Faulkner declares, "For the progressive voter the millennium in national politics seemed to have been reached. Each of the platforms was progressive and three out of the four candidates were reformers—even crusaders. However the election turned out, it appeared, for once, that the cause of reform would win." Political leaders recognized the national temper and knew that they would have to meet the demands for reform in the economic order for which the voters were clamoring.

#### T. R.'s Philosophy

Theodore Roosevelt was defeated that year, but during the campaign and before his nomination by the newly formed Progressive party he had expressed his general philosophy of government and business. No study of the progressive movement is complete without a consideration of his views, for, as Faulkner says, he "gave voice to the unspoken aspirations of the common man with an accuracy achieved by few politicians." He "responded to the widespread desire for a better civilization."

The first Roosevelt, like the second, was convinced that our economic development had reached a stage where the government had to intervene if the common man were not to be crushed mercilessly by the great corporations and trusts that were gaining a stranglehold on our economic life during his time. In language as vigorous as that of his distant relative who was later to lead the progressive movement, he struck out against the economically powerful. He flayed the "malefactors of great wealth" who were so ruthless in their tactics. In his annual message of 1907, he denounced as criminals those business leaders who were guilty of "swindling in stocks, corrupting legislatures, making fortunes by the inflation of securities, by wrecking railroads, by destroying competitors through rebates."

There is no reason to think that Roosevelt believed that the economic processes of a century could be reversed and that we could return to the pristine rural economy envisioned by Thomas Jefferson. Big business was here to stay, but government should intervene to prevent abuses and to see that the little fellow received his just due. Thus Theodore declared that the great industries "should be supervised and within reasonable limits controlled," and when in the presidency, he sought to break their hold on all industrial and business activity. He said, "We stand even more for the rights of man," and that "we will protect the rights of the wealthy man, but we maintain that he holds his wealth subject to the general right of the community to regulate its business use as the public welfare requires."

#### Property and Courts

The second Roosevelt has gone out of his way to place human rights above property rights. "Every man has a right to his own property," he has declared, "which means a right to be assured to the fullest extent attainable, in the safety of his earnings. . . . In all thought of property, this right is paramount; all other property rights must yield to it. If, in accordance with this principle, we must restrict the operations of the speculator, the manipulator, even the financier, I believe we must accept the restriction as needful."

Significantly, both Presidents felt that the power of the government, under Supreme Court decisions, was inadequate to

meet the national needs. Both sought to curb the power of the Court in order to prevent it from thwarting the wishes of the people for social and economic legislation. T. R. favored a plan whereby the people could get rid of a judge who, "however virtuous, has grown so out of touch with

social needs and facts that he is unfit longer to render good service on the bench." The latter Roosevelt would bring the Supreme Court into line by the enlargement plan which has stirred up such a bitter dispute.

Neither Roosevelt may be considered a revolutionary, seeking to overthrow the capitalist system and establish in its place a different economic order. However, the basic philosophy of both contemplates a reformed capitalism, one in which the underprivileged would reap greater benefits through the protecting arm of government. The first attempt was never given a fair trial because the World War interrupted the reform movement of which he was a leader, and the people emerged from that harrowing experience in a conservative frame of mind. What will be the outcome of the second attempt no man can predict.



DAVID S. MUZZEY



THOMAS M. WOODWARD



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# Rise of Prices Warns of Inflation

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THE COST OF LIVING IN THE UNITED STATES IS GOING STEADILY HIGHER

last four years to increase the general price level? Has not the President repeatedly declared that he would work to raise prices by one means or another? All that is very true, but there is fear that the increase will go too far and that prices will soon get out of hand. In that case, we would have inflation which would seriously affect nearly every group of the population. Let us look at some of the ill effects of such a trend.

## Various Effects

Let us first take the case of a worker in a clothing factory. Let us suppose that his wages have recently been increased from \$4 a day to \$5. At the end of the week, he finds that he has \$6 more to spend than he had before the wage increase. He is much better off than previously, because the food, clothing, and other items for which he spends money have increased only a little. He has definitely more money to spend, and he is thus able to increase his standard of living.

In recent months, some three or four million workers have found themselves in a position similar to that of our imaginary clothing worker. They have benefited from wage increases which more than offset the increase in prices of the things they buy. But these three or four million workers by no means constitute a majority of the American workers. There are some 25 or 30 million other laborers who have not yet shared in the wage increases. Every Saturday night they receive the same number of dollars as before. And yet, when they go to the store to buy food, they find a few cents added here and a few there. They find that the landlord is raising their rent a few dollars a month. They learn that the price of clothing has gone up. They hear that the price of automobiles may go up because of the increase in the price of such raw materials as steel, and thus they may be prevented from buying a new car.

Let us suppose that some of these workers had planned to build a new house,

having saved several thousand dollars for that purpose. Because the price of bricks and steel and plumbing fixtures and lumber and all the other materials used in building a house have gone up, the cost of building is much greater and they cannot afford to build at this time. Thus it can be seen that all those who have fixed incomes, either wages or salaries, are definitely affected by the sharp increase in prices, and they are obliged to cut down a little here and a little there in order to make ends meet.

But the price increase does not stop with the individual consumer. Its effects run through the entire industrial structure. The railroads have to pay more for the steel and other metals needed to make replacements and improvements in their equipment. The companies which had planned enlargements in their plants and factories find that the required materials have skyrocketed in price. Many of them may find it impossible to go ahead in view of the upward movement of prices.

## Reduced Purchases

The administration and a number of economists are frankly worried by the price increases, because they fear that they will result in a curtailment of purchases. If the millions of consumers whose dollar buys less are forced to pinch their belts and to buy less all along the line, there is danger that production will drop. For if concerns cannot sell all they produce, they must naturally produce less and the result will be a slackening of business activity, with additional workers thrown out of jobs and a new slump.

It is because of this trend that warnings have been sounded during the last few weeks. Mr. Eccles declared that a number of concerns were boosting their prices merely as an excuse to cover the wage increases they have given to workers. They could easily afford to pay higher wages without charging more for their products, but because they are organized along monopolistic lines, they can boost their prices. Mr. Eccles declared that many of them were raising prices enough to cover the wage increases two or three times.

Of course, this is but one of the causes of the increase of prices. Another important cause is the mad scramble for armaments which all the nations are making. The rearmament programs call for huge supplies of steel, copper, lead, and other metals, and this abnormal demand has caused the price of those commodities to rise spectacularly. Something of a "war boom" has been created.

Still another cause is the forcing up of wages by labor unions. While many industries are in a position to raise wages without increasing prices, few of them actually have done that, and many others have been forced to raise prices in order to offset the increased costs of production. As Mr. Eccles declared in his statement: "When wage increases are passed along to the public, and particularly when industries take advantage of any existing

situation to increase prices far beyond increased labor costs, such action is shortsighted and indefensible policy from every standpoint."

## Dislocations Caused

In the early stages of an upward movement of prices, however, the effects may not be adverse upon industrial activity. A rise in prices usually provides a stimulus, immediately speaking, to production. With prices going up, businessmen and others hasten to place orders and buy extra quantities in order to be ahead of the price advance. This expansion of orders accelerates business activity and for a time increases the demand for labor. Such an expansion of demand in turn serves to increase the demand for products and to raise prices the more rapidly. In due course, prices get out of hand and may cause such disturbances as to result in a crash.

Many believe that it is the fear of this kind of inflation that has led the President to demand immediate reform of the Supreme Court in order that the government may have power to deal with this situation before it is too late. But what, precisely, might the government do, if it had the power, to control prices? A number of answers have been given to that question. Some contend that the President would seek to fix prices, thus preventing them from rising unduly. At the same time, the government would regulate wages in order that purchasing power might be increased sufficiently to permit an ever-increasing production.

But difficulties to such a program of governmental regulation have already been noted. Control of wages and prices was one of the purposes of the NRA and that experiment produced a number of difficulties while it was being carried out. It has been suggested, also, that the federal government might seek to break up monopolies and force companies to compete openly in the disposal of their products. This free competition, it is argued, would force prices down. But here again, difficulties would be encountered. Antitrust laws have been on the statute books for decades, and while numerous attempts have been made to enforce them, they have met with little success, and monopoly still reigns supreme in a number of branches of American industry.

## Difficulties Feared

Whether the President would attempt to cope with the present price situation by any of these devices is not known. It is certain that he is studying a number of different proposals, and it is believed that if he had the power he would act boldly in order to prevent a recurrence of the 1929 experience. He is said to be considering calling a White House conference of prominent leaders of industry and government to canvass the entire field with a view to determining a definite course of action.

The President and his advisers know that if the present price movement results in a runaway inflation, all the achievements of

the New Deal will vanish and its objectives will come to naught. For four years, the federal government has sought, by one means or another, to restore the balance in our economic order which is so essential to its smooth working. This balance involves the proper relationship between wages and prices, between agricultural prices and industrial prices. At a heavy cost, the mass purchasing power has been increased sufficiently to start the wheels of industry moving once more. Production has moved forward solely because the great mass of consumers has had more money to buy goods. If this purchasing power is now curtailed by high prices, the balance will have been destroyed.

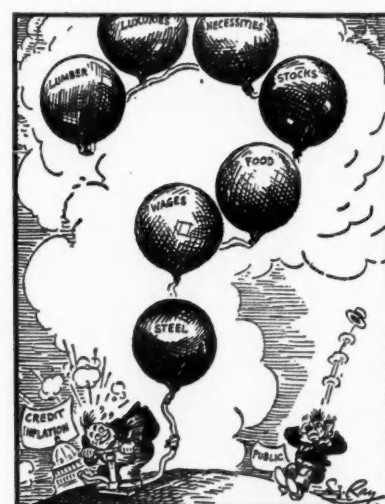
## Need for Balance

Of no less importance is the balance between farm prices and industrial prices. Perhaps the most dangerous aspect of the whole problem relates to the disparity which would result between the prices of these two groups of commodities. During the depression agricultural prices fell much more than industrial prices. During the recovery period, agricultural prices have risen more than industrial prices, thus serving in large measure to restore the relative position of the agricultural population. If now industrial prices register a new sharp advance, the whole program of the government in trying to strengthen farm purchasing power will be undermined.

This need for balance was clearly recognized by Mr. Eccles, who said in his statement that "it is not sound public policy and it is not in the ultimate interest of either capital, labor, or agriculture for any one of the three groups, broadly speaking, to try to gain an advantage at the expense of the others, which only makes for instability of the national economy and hence is bound to be temporary." The fundamental need is to gain recognition of the elementary fact that the interests of the various groups are essentially unified. The welfare of all depends upon pulling together in a common program of increased production.



IT'S ABOUT TIME SOMEBODY NOTICED IT  
—Hutton in Philadelphia Inquirer



WHAT WILL THE LANDING BE?  
—Ray in Kansas City Star